

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 101 University of South Florida

**SPONSOR(S):** McKeel and others

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 838

	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1)	Health Care Regulation Policy Committee	14 Y, 0 N	Holt	Calamas
2)	State Universities & Private Colleges Appropriations Committee	10 Y, 3 N	Smith	Trexler
3)	Education Policy Council	13 Y, 0 N	White	Lowell
4)				
5)				

### SUMMARY ANALYSIS

The bill authorizes the establishment of a doctor of pharmacy degree (PharmD) program at the University of South Florida (USF). The USF plans to enroll the first class of 50 students in Fall 2011, 75 students in 2012, and 100 students annually thereafter until reaching full capacity at 400 students in 2016. Once students are enrolled, the program will have to become accredited in order for students to meet the licensure requirements for a pharmacist.

Funding for the PharmD program will be provided through a variety of sources that include private funds, tuition revenue, and state support. The bill does not require state funding initially, but the USF will request state support beginning in Fiscal Year 2011-2012. See FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT for additional information.

The bill takes effect upon becoming law.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives:

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Background

Section 1004.03(3), F.S., requires the Legislature to approve the establishment of new colleges, schools, or functional equivalents of any program leading to a degree that:

- Is offered as a credential for a specific license granted; and
- Will receive support from tuition and fees or from funds appropriated by the Legislature.

Thus, a public institution wishing to establish a doctoral program for a licensed profession such as pharmacy must receive authorization from the Legislature before offering the program.

##### PharmD Programs

Doctor of pharmacy degree (PharmD) programs currently exist at five institutions in Florida—two public universities (University of Florida and Florida A & M University) and three independent institutions (Nova Southeastern University, Palm Beach Atlantic University, and Lake Erie College of Medicine-Bradenton Campus). According to the Board of Governors (BOG), the University of Florida and Florida A & M University awarded 635 pharmacy degrees in 2008 and 557 pharmacy degrees in 2007. [The three independent institutions graduate approximately 382 pharmacy students each year.<sup>1</sup>

##### Licensed Pharmacists

The Florida Pharmacy Act<sup>2</sup> establishes the educational requirements for a person desiring to be licensed as a pharmacist. A PharmD program graduate desiring to become licensed must apply to the Florida Department of Health (DOH) to take, and must successfully pass, the licensure examination. In order to sit for the examination, an individual must submit proof that they have:<sup>3</sup>

- Earned a degree from a school or college of pharmacy accredited by an accrediting agency recognized and approved by the United States Office of Education; or
- Earned a degree from a four-year undergraduate pharmacy program from a school or college of pharmacy located outside the United States and have completed a minimum of 500 hours in a

<sup>1</sup> Board of Governors, 2010 Legislative Bill Analysis of House Bill 101 (January 27, 2010).

<sup>2</sup> Chapter 465, F.S.

<sup>3</sup> Section 465.007(1)(b), F.S.

supervised work activity program in Florida under the supervision of a pharmacist licensed by the DOH.

## Projected Need for Pharmacists in Florida

According to the Agency for Workforce Innovation (AWI), the annual growth rate of pharmacists statewide is 3.10 percent.<sup>4</sup> By 2017, the AWI projects that there will be 20,795 available jobs, which represents an increase of 4,128 positions (a 25 percent increase). The AWI attributes the increased demand to the higher incidence of middle-aged and elderly individuals who use more prescription drugs; to scientific advances that will make more drug products available; and to the coverage of prescription drugs by a greater number of health insurance plans and Medicare.<sup>5</sup>

## Effect of Bill

The bill authorizes the establishment of a PharmD degree at the University of South Florida (USF)-Tampa Campus.

### B. SECTION DIRECTORY:

Section 1. Creates s. 1004.387, F.S., authorizing a doctor of pharmacy degree program at the USF.  
Section 2. Provides an effective date of upon becoming a law.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

The following fiscal impact reflects the minimum amount that the USF projects will be needed to fund the direct costs related to start-up and continuing operations of the PharmD program.<sup>6</sup> The charts below summarize the projected costs associated with three planning years and four implementation years to start a new PharmD program at USF.<sup>7</sup> According to BOG staff, the USF is on track to enroll its first pharmacy class in Fall 2011.<sup>8</sup>

#### 1. Revenues and Expenditures during Planning Years:

The USF, as reflected in the chart below, expects to receive approximately \$1.3 million and to expend approximately \$1.9 million in Fiscal Year (FY) 2010-2011 for the completion of its planning activities. According to the BOG, the USF expects to address the difference in funding and expenditures through fundraising.

Planning Years			
	Year 1 (08-09)	Year 2 (09-10)	Year 3 (10-11)
Receipts (i.e. Community donations, contracts & grants)	\$ 25,000	\$ 652,238	\$ 1,322,762
<b>Total Revenues:</b>	<b>\$ 25,000</b>	<b>\$ 652,238</b>	<b>\$ 1,322,762</b>
	Year 1 (08-09)	Year 2 (09-10)	Year 3 (10-11)
Salaries/Benefits	\$ -0-	\$ 551,800	\$1,486,234
Expenses	25,000	95,938	304,158
OCO	-0-	4,500	19,500

<sup>4</sup> Agency for Workforce Innovation. Occupational Profile: Pharmacists, available at:

<http://www.whatpeopleareasking.com/occpfile.asp?soccode=291051> (last viewed January 29, 2010)

<sup>5</sup> Agency for Workforce Innovation, Labor Market Statistics Center, Florida Jobs: Employment Outlook by Workforce Region, spreadsheet on file with the Health Care Regulation Policy Committee staff.

<sup>6</sup> USF PharmD Business Plan, FBOG Table 2P, Summary of Costs for Proposed Doctor of Pharmacy (January 2009).

<sup>7</sup> Board of Governors, 2010 Legislative Bill Analysis of House Bill 101 (January 27, 2010).

<sup>8</sup> E-mail correspondence with BOG and USF staff (January 29, 2010).

I&R Labs, Distance Learning Equipment	-0-	-0-	87,500
<b>Total Expenditures:</b>	<b>\$ 25,000</b>	<b>\$ 652,238</b>	<b>\$ 1,897,392</b>

2. Revenues and Expenditures during Implementation Years:

The USF plans to request recurring appropriations based on a per-student rate of \$8,000.<sup>9</sup> The USF anticipates the first class will start in 2011-2012 (Year 1) with an enrollment of 50 students. By 2016-2017 (Year 6), the USF anticipates reaching capacity of 400 students and projects a total recurring General Revenue (GR) need of \$3.2M. In FYs 2011-2012 and 2012-2013, the USF projects that it will need additional funds and it will request \$2,792,059 in non-recurring GR from the Legislature. According to the proposal, the largest instructional and research expenditures consist of faculty salaries and benefits followed by administrative and operational costs.

<b>Implementation Years</b>				
	<b>Year 1 (2011-12)</b>	<b>Year 2 (2012-2013)</b>	<b>Year 3 (2013-2014)</b>	<b>Year 4 (2014-2015)</b>
#Students/Tuition per Student	50/\$15,100	125/\$16,610	225/\$18,270	325/\$18,270
Receipts (i.e. Community donations, contracts & grants)	\$ 800,000	\$ -0-	\$ -0-	\$ -0-
Tuition	755,000	2,076,250	4,110,750	5,937,750
State Appropriations	1,409,358	2,782,701	1,800,000	2,600,000
Research Grants	- 0-	-0-	- 0-	2,250,000
<b>Total Revenues:</b>	<b>\$ 2,964,358</b>	<b>\$ 4,858,951</b>	<b>\$ 5,910,750</b>	<b>\$ 10,787,750</b>
	<b>Year 1 (2011-2012)</b>	<b>Year 2 (2012-2013)</b>	<b>Year 3 (2013-2014)</b>	<b>Year 4 (2014-2015)</b>
Salaries/Benefits	\$ 2,295,542	\$ 4,249,251	\$ 5,431,369	\$ 6,028,216
Expenses	412,316	499,700	584,576	1,615,504
OCO	31,500	60,000	76,500	78,795
Data Processing	-0-	-0-	-0-	40,000
Library Resources	-0-	-0-	-0-	290,000
I&R Labs, Distance Learning Equipment	225,000	50,000	-0-	500,000
<b>Total Expenditures:</b>	<b>\$ 2,964,358</b>	<b>\$ 4,858,951</b>	<b>\$ 6,092,445</b>	<b>\$ 8,552,515</b>

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The proposed PharmD program at the USF may provide graduates for retail outlets and other pharmacy-related industries throughout the state. The proposed PharmD program may reduce the number of enrollments at independent colleges and universities in Florida that currently offer a PharmD program (i.e. Nova Southeastern University; Palm Beach Atlantic University; and Lake Erie College of Medicine-Bradenton Campus).

D. FISCAL COMMENTS:

Lake Erie College of Medicine-Bradenton Campus (LECOM)

In recent years, the LECOM has received state funding to support health programs. In the 2009-2010 General Appropriations Act, the LECOM received \$785,106 in GR and \$332,000 in Federal Stimulus funds to support Florida residents enrolled in the Osteopathic Medicine or Pharmacy Program at the LECOM.<sup>10</sup> According to the FY 2009-2010 spending plan submitted by the LECOM, it allocated \$334,605 to the pharmacy program to provide tuition subsidies for students.<sup>11</sup>

Nova Southeastern University (Nova)

In recent years, Nova, like the LECOM, has received state funding to support health programs. In the 2009-2010 General Appropriations Act, Nova received \$3.4M in GR and \$1.6M in Federal Stimulus funds to support Florida residents enrolled in the Osteopathic Medicine, Pharmacy, or Nursing Programs at Nova.<sup>12</sup> According to the FY 2009-2010 spending plan submitted by Nova, it allocated \$801,012 to the pharmacy program to provide tuition subsidies of \$1,665 to 481 students.<sup>13</sup>

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax sharing with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

No additional rule-making authority is required to implement the provisions of the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**

None.

---

<sup>10</sup> FY 2009-10 General Appropriations Act

<sup>11</sup> Florida House of Representatives, State Universities & Private Colleges Appropriations Committee, 2010-2011 Base Budget Review, available in January 12, 2010 committee meeting packet.

<sup>12</sup> FY 2009-10 General Appropriations Act

<sup>13</sup> Florida House of Representatives, State Universities & Private Colleges Appropriations Committee, 2010-2011 Base Budget Review, available in January 12, 2010 committee meeting packet.